

PROVIDENCE GAS COMPANY
EXCESS REVENUE
TWENTY ONE MONTHS ENDED JUNE 30, 2002
(\$000)

Average Return on Common Equity 10/1/00 - 6/30/02	(1)	11.58%
Authorized Return on Common Equity	(2)	<u>10.70%</u>
Excess Return on Common Equity	(3)	0.88%
Average Balance of Common Equity	(4)	101,992
Excess Earnings per Year	(5)	893
Years in ERI-2 Term	(6)	<u>1.75</u>
Excess Earnings	(7)	1,562
Conversion Factor	(8)	<u>1.5715</u>
Excess Revenue	(9)	<u><u>2,455</u></u>
Providence Gas Firm Therm Throughput (000)	(10)	256,410
Adjustment to Providence Gas DAC for ERI-2	(11)	\$ 0.0096

Sources:

(1)	Equity	Return	Income	
12 Months Ended 9/30/01	102,129	14.41%	14,722	DJE-1S
12 Months Ended 6/30/02	<u>101,855</u>	8.73%	<u>8,890</u>	DJE-2S
	203,984		23,611	
Weighted Average		11.58%		
(2) ERI-2 Agreement				
(3) (1) - (2)				
(4) 12 Months Ended 9/30/01	102,129	DJE-1S		
12 Months Ended 6/30/02	<u>101,855</u>	DJE-2S		
	203,984			
Average Balance	<u>101,992</u>			
(5) (3) * (4)				
(6) ERI-2 Agreement				
(7) (5) * (6)				
(8) Revenue	1.0000			
Uncollectible Percentage	<u>0.0210</u>	Company Attachment PCC-2		
Net Revenue	0.9790			
Income Taxes 35%	<u>0.3427</u>			
Net Income	0.6364			
Conversion Factor	<u>1.5715</u>			
(9) (7) * (8)				
(10) Company Attachment PCC-5				
(11) (9) / (10)				

PROVIDENCE GAS COMPANY
RESULTS OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2001
(\$000)

	(1) Company Position	Adjustments		Division Position
Revenue	\$ 268,904	\$ 362	(2)	\$ 269,266
O&M Expense	205,223			205,223
Depreciation	17,102			17,102
Other Taxes	16,755			16,755
Income Taxes	8,294	(367)	(2)	7,927
Operating Expenses	247,374	(367)		247,007
Operating Income	21,530			22,259
Interest	7,998	(461)	(3)	7,537
Income for Common Equity	13,532	1,190		14,722
Common Equity	103,482	(1,353)	(4)	102,129
Earned ROE	<u>13.08%</u>	<u>1.34%</u>		<u>14.41%</u>

Sources:

(1)	Response to DIV 1-06		
(2)	Schedule DJE-1S, Page 2		
(3)	Rate Base	\$204,258	Sch. DJE-1S, P. 3
	Weighted Cost of Debt	<u>3.69%</u>	Sch. DJE-1S, P. 2
	Interest Expense	<u>7,537</u>	
(4)	Rate Base	\$204,258	Sch. DJE-1S, P. 3
	Common Equity Ratio	<u>50.00%</u>	Sch. DJE-1S, P. 2
	Common Equity	<u>102,129</u>	

PROVIDENCE GAS COMPANY
RESULTS OF OPERATIONS
YEAR ENDED JUNE 30, 2002
(\$000)

	(1) Company Position	(2) Adjustments		Division Position
Revenue	\$ 194,024	\$ 362	(2)	\$ 194,386
O&M Expense	142,638			142,638
Depreciation	17,455			17,455
Other Taxes	13,100			13,100
Income Taxes	<u>4,884</u>	<u>(97)</u>	(2)	<u>4,787</u>
Operating Expenses	178,077	(97)		177,979
Operating Income	15,947			16,407
Interest	<u>7,978</u>	<u>(461)</u>	(3)	<u>7,517</u>
Income for Common	7,969	920		8,890
Common Equity	<u>103,230</u>	<u>(1,375)</u>	(4)	<u>101,855</u>
Earned ROE	<u>7.72%</u>	<u>1.01%</u>		<u>8.73%</u>

Sources:

(1)	Response to DIV 1-06		
(2)	Schedule DJE-2S, Page 2		
(3)	Rate Base	\$203,709	Sch. DJE-2S, P. 3
	Weighted Cost of Debt	<u>3.69%</u>	Sch. DJE-2S, P. 2
	Interest Expense	<u>7,517</u>	
(4)	Rate Base	\$203,709	Sch. DJE-2S, P. 3
	Common Equity Ratio	<u>50.00%</u>	Sch. DJE-2S, P. 2
	Common Equity	<u>101,855</u>	

PROVIDENCE GAS COMPANY
DIVISION ADJUSTMENTS
YEAR ENDED SEPTEMBER 30, 2001
(\$000)

Adjustment to Revenue:

Authorized IRP Funding	(1)	(1,850)
IRP Funding Charged Against Revenue by Company	(2)	<u>(2,212)</u>
Total		<u>362</u>

Income Taxes:

Revenue	(3)	269,266
Operating Expenses	(3)	239,080
Interest	(3)	<u>7,537</u>
Taxable Income		22,649
Income Tax Expense	35%	<u>7,927</u>

Rate of Return

		Ratio	Cost Rate	Wtd. Cost
Short Term Debt	(4)	8.40%	4.86%	0.41%
Long Term Debt	(5)	41.60%	7.88%	3.28%
Common Equity		<u>50.00%</u>	10.70%	<u>5.35%</u>
Total		<u>100.00%</u>		<u>9.04%</u>

Sources:

(1)	Low Income Assistance	1,300	ERI-2, II-F
	Demand Side Management	300	ERI-2, II-F
	Low Income Weatherization	<u>250</u>	ERI-2, II-F
	Total	<u>1,850</u>	
(2)	Response to DIV 3-07		
(3)	Exhibit DJE-1S, Page 1		
(4)	Ratio = 50% - Long Term Debt Ratio		
	Rate from Kahal Testimony, Schedule MIK-1 in Docket No. 3401		
(5)	Exhibit SP-2, Schedule 2 in Docket No. 3401		

PROVIDENCE GAS COMPANY
DIVISION ADJUSTMENTS
YEAR ENDED SEPTEMBER 30, 2001
(\$000)

Adjustments to Revenue:

Authorized IRP Funding	(1)	(1,850)
IRP Funding Charged Against Revenue by Company	(2)	<u>(2,212)</u>
Total		<u>362</u>

Income Taxes

Revenue	(3)	194,386
Operating Expenses	(3)	173,193
Interest	(3)	<u>7,517</u>
Taxable Income		13,676
Income Tax Expense	35%	<u>4,787</u>

Rate of Return

		Ratio	Cost Rate	Wtd. Cost
Short Term Debt	(4)	8.40%	4.86%	0.41%
Long Term Debt	(5)	41.60%	7.88%	3.28%
Common Equity		<u>50.00%</u>	10.70%	<u>5.35%</u>
Total		<u>100.00%</u>		<u>9.04%</u>

Sources:

(1)	Low Income Assistance	1,300	ERI-2, II-F
	Demand Side Management	300	ERI-2, II-F
	Low Income Weatherization	<u>250</u>	ERI-2, II-F, Average
	Total	<u>1,850</u>	
(2)	Response to DIV 3-07		
(3)	Exhibit DJE-1S, Page 1		
(4)	Ratio = 50% - Long Term Debt Ratio		
(5)	Rate from Kahal Testimony, Schedule MIK-1 in Docket No. 3401		
	Exhibit SP-2, Schedule 2 in Docket No. 3401		

PROVIDENCE GAS COMPANY
RATE BASE
YEAR ENDED SEPTEMBER 30, 2001
(\$000)

	(1) Company <u>Position</u>	<u>Adjustments</u>	Division <u>Position</u>
Utility Plant in Service	\$349,676		\$349,676
Less- Reserve for Depreciation	<u>(138,853)</u>		<u>(138,853)</u>
Net Plant	\$210,823		\$210,823
Add:			
Materials & Supplies	761		761
Prepaid Expenses	2,705	(2,705)	-
Deferred Debits	3,922		3,922
Gas Inventories	11,304		11,304
Cash Working Capital	5,554		5,554
Deduct:			
Accumulated Deferred FIT	(23,040)		(23,040)
Accumulated Deferred ITC	(1,884)		(1,884)
Customer Deposits	(2,658)		(2,658)
Injury and Damages Reserve	<u>(524)</u>	<u>-</u>	<u>(524)</u>
Rate Base	<u>\$206,963</u>	<u>(\$2,705)</u>	<u>\$204,258</u>

Source:

(1) Response to DIV 1-06

PROVIDENCE GAS COMPANY
RATE BASE
YEAR ENDED JUNE 30, 2002
(\$000)

	(1) Company <u>Position</u>	<u>Adjustments</u>	Division <u>Position</u>
Utility Plant in Service	\$355,737		\$355,737
Less- Reserve for Depreciation	<u>(148,747)</u>		<u>(148,747)</u>
Net Plant	\$206,990		\$206,990
Add:			
Materials & Supplies	704		704
Prepaid Expenses	2,750	(2,750)	-
Deferred Debits	3,346		3,346
Gas Inventories	13,732		13,732
Cash Working Capital	6,976		6,976
Deduct:			
Accumulated Deferred FIT	(23,047)		(23,047)
Accumulated Deferred ITC	(1,829)		(1,829)
Customer Deposits	(2,701)		(2,701)
Injury and Damages Reserve	<u>(462)</u>	<u>-</u>	<u>(462)</u>
Rate Base	<u>\$206,459</u>	<u>(\$2,750)</u>	<u>\$203,709</u>

Source:

(1) Response to DIV 1-06